

Message Text

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12

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 COME-00 GSA-01 OEP-01 AGR-20

TRSE-00 OMB-01 CIAE-00 DODE-00 PM-09 H-02 INR-09 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14 USIA-12

INT-08 INRE-00 RSR-01 /119 W
----- 069182

P R 160557 Z MAR 73

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 3803

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

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E. O. 11652: N/A

TAGS: EIND

SUBJECT: STOCKPILE RELEASES

1. ANNOUNCEMENT OF STOCKPILE DECISION HAS CREATED INTENSE PUBLIC REACTION HERE AND IS NUMBER ONE HEADLINE ITEM AND SUBJECT OF BITTER EDITORIALS. ACCORDING STRAITS TIMES, MINISTER PRIMARY INDUSTRIES TAIB MAHMUD EXPRESSED " GREAT CONCERN OVER THE NEWS" AND HOPED U. S. WOULD STICK BY ITS UNDERSTANDING NOT TO DISRUPT COMMODITY MARKETS WITH RELEASES. ANTICIPATED REVERSAL OF UPWARD TREND IN PRICES WHICH BEGAN ONLY LAST OCTOBER ATTRIBUTED ENTIRELY TO U. S. ANNOUNCEMENT.

2. SLIGHT DROP IN YESTERDAY AFTERNOON BUYING ON LOCAL RUBBER MARKET IS ATTRIBUTED TO SPECULATION THAT ANNOUNCEMENT WAS TO BE RELEASED AND DECLINE IS SEEN AS HARBINGER OF GENERAL DEPRESSION IN PRICE. EARLY REPORTS ON TODAY'S MARKET INDICATE DEMAND IS EXTREMELY THIN AND LIKELY REMAIN SO UNTIL CLEARER PICTURE EMERGES.

3. WHILE COMMENTARY SO FAR HAS CONCENTRATED ON RUBBER,
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CONCERN IS BROADER. IN VIEW OF EVIDENT NERVOUS AND AGITATED MARKET CONDITION, IT IS ESSENTIAL THAT DETAILS OF U. S. INTENTIONS BE CLARIFIED AT ONCE. IN PARTICULAR (1) HOW DOES U. S. INTEND TO MANAGE RELEASES, (2) DOES TAKING ACTION TO DRIVE DOWN PRICES SIGNIFY ABANDONMENT OF POLICY TO AVOID MARKET DISRUPTION, (3) WILL TIN RELEASES BE COORDINATED WITH ITC, AND (4) WILL U. S. ABIDE BY UNDERSTANDING WITH RUBBER PRODUCERS FOR RELEASES OF 5,000 TONS PER MONTH.

4. FYI - EMBASSY COMMENT: OFFICIAL GOM REACTION FOR PUBLIC CONSUMPTION WILL BE GAUGED BY LOCAL POLITICAL NECESSITIES. WE ARE CONFIDENT, HOWEVER, THAT REASONABLE RATE OF RELEASES OF BOTH TIN AND RUBBER WILL BE VIEWED REALISTICALLY BY GOM. MANY OFFICIALS, INCLUDING TAIB, HAVE RECENTLY BEEN CONCERNED ABOUT OVERHEATING OF RUBBER MARKET AND PRIVATELY WOULD WELCOME MODEST DEPRESSANTS, E. G., OF 10-15 PERCENT, FROM PRESENT PRICES. THIS MAKES IT ALL THE MORE NECESSARY FOR IMMEDIATE CLARIFICATION WHICH WILL ENABLE RESPONSIBLE GOM LEADERS TO TAKE REASONED POSITION AND COOL OFF HOT-HEADED POLITICOS AND EDITORIAL WRITERS. OTHERWISE, WE FEAR DELAY WILL CAUSE UNNECESSARY DAMAGE TO U. S. PRESTIGE WITH POSSIBLE SPILLOVER EFFECT IN UNRELATED AREAS. END FY. DECON 3/31/73. LYDMAN

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*** Current Classification *** LIMITED OFFICIAL USE

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